



General Assembly

January Session, 2003

Committee Bill No. 5133

LCO No. 4102

Referred to Committee on Select Committee on Housing

Introduced by:
(HSG)

**AN ACT PROTECTING CERTAIN HOMEOWNERS FROM
FORECLOSURE.**

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. (NEW) (*Effective October 1, 2003*) As used in sections 1 to 3,
2 inclusive, of this act:

3 (1) "Distressed municipality" has the same meaning as "distressed
4 municipality", as defined in subsection (b) of section 32-9p of the
5 general statutes.

6 (2) "Principal homeowner" means a person who (A) has an
7 ownership interest of fifty per cent or more in residential real property
8 secured by a mortgage which is the subject of a foreclosure action, (B)
9 is the mortgagor of such mortgage and (C) has owned and occupied
10 such property as the person's principal residence for a continuous
11 period of not less than two years immediately preceding the
12 commencement of such foreclosure action.

13 (3) "Lender" means any person who makes or holds mortgage loans
14 in the ordinary course of business and who is the holder of any first

15 mortgage on residential real estate that is the subject of a foreclosure
16 action.

17 Sec. 2. (NEW) (*Effective October 1, 2003*) In an action by a lender for
18 the foreclosure of a mortgage of residential real property, no judgment
19 foreclosing the title to said property by strict foreclosure or by a decree
20 of sale shall be effective for six months after the judgment is entered if
21 (1) the property is located in a distressed municipality, and (2) (A) the
22 earned income of the principal homeowner of such property during
23 the twelve-month period immediately preceding the commencement
24 of the foreclosure action is (i) less than seventy-five per cent of said
25 person's average annual income during the two years immediately
26 preceding such twelve-month period, or (ii) eighty per cent or less of
27 the area median income adjusted for family size, or (B) the principal
28 homeowner of such property has a disability or a long-term illness that
29 has significantly impaired the ability of said person to work. The
30 Commissioner of Economic and Community Development shall adopt
31 regulations, in accordance with the provisions of chapter 54 of the
32 general statutes, further defining "disability" and "long-term illness"
33 for the purposes of this section.

34 Sec. 3. (NEW) (*Effective October 1, 2003*) The Chief Court
35 Administrator shall employ mediators to assist in the resolution of
36 actions by lenders for the foreclosure of mortgages of residential real
37 properties in distressed municipalities.

38 Sec. 4. (*Effective July 1, 2003*) The sum of one hundred twenty-five
39 thousand dollars is appropriated to the Department of Economic and
40 Community Development, from the General Fund, for the fiscal year
41 ending June 30, 2004, for a grant to the Homeowners Emergency Loan
42 Program for the provision of financial counseling and legal assistance
43 for homeowners threatened by foreclosure.

This act shall take effect as follows:	
Section 1	October 1, 2003

Sec. 2	<i>October 1, 2003</i>
Sec. 3	<i>October 1, 2003</i>
Sec. 4	<i>July 1, 2003</i>

HSG *Joint Favorable C/R* PD

PD *Joint Favorable C/R* JUD